

ECONOMIC DEVELOPMENT COMMITTEE

DATE: March 14, 2007

CALLED TO ORDER: 5:03 p.m.

ADJOURNED: 6:19 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chair
Patrice Abdullah
Virginia Cain
Marilyn Pfisterer
Joanne Sanders

ABSENT MEMBERS

Lonnell Conley
Isaac Randolph

AGENDA

PRESENTATION

Gordon Hendry, The Indy Partnership – Report on Trip to China

PROPOSAL NO. 151, 2007 - an extension of the original Inducement Resolution for Pedcor Investments-2006-LXXXVIII, L.P. in an amount not to exceed \$15,000,000 for the acquisition and construction of a 220-unit affordable apartment community (Forest Ridge Apartment Community Project) situated on approximately 25 acres located southeast of the intersection of 79th Street and Township Line Road (District 2)

"Do Pass"

Vote: 5-0

PROPOSAL NO. 56, 2007 - appoints David Girton to the Lawrence Economic Development Commission

"Strike"

Vote: 5-0

PROPOSAL NO. 103, 2007 - appoints John Bartlett to the Lawrence Economic Development Commission

"Strike"

Vote: 5-0

PROPOSAL NO. 17, 2007 - reappoints Eric D. Jones to the Urban Enterprise Association Board of Directors

"Do Pass"

Vote: 5-0

PROPOSAL NO. 52, 2007 - reappoints Bruce Melchert to the City Market Corporation Board

"Postpone"

Vote: 5-0

PROPOSAL NO. 53, 2007 - reappoints Lynn Molzan to the City Market Corporation Board

"Do Pass"

Vote: 5-0

PROPOSAL NO. 54, 2007 - reappoints Susan Powers to the City Market Corporation Board

"Do Pass"

Vote: 5-0

PROPOSAL NO. 55, 2007 - appoints Robert Whitt to the City Market Corporation Board

"Do Pass"

Vote: 5-0

PROPOSAL NO. 104, 2007 - approves an increase of \$250,000 in the 2007 Budget of the Office of Finance and Management (City Cumulative Capital Fund) to replace the plumbing in the Historic City Market, which is undergoing renovations.

"Do Pass As Amended"

Vote: 5-0

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, March 14, 2007. Chair Jackie Nytes called the meeting to order at 5:03 p.m. with the following members present: Patrice Abdullah, Virginia Cain, Marilyn Pfisterer, and Joanne Sanders. Lonnell Conley and Isaac Randolph were absent.

PRESENTATION

Gordon Hendry, Interim President and CEO of the Indy Partnership – Report on Trip to China

Mr. Hendry distributed a handout (Exhibit A, attached) supplementing his presentation and stated that The Indy Partnership is a regional economic development organization of which Marion County is a part, that seeks to bring business to Central Indiana. One of Indy Partnership's missions is to promote the Central Indiana region to consultants, brokers, prospect companies and others in the U.S. and internationally.

China is the world's fastest growing economy. In 2006, its economy grew by 10.7%, their fourth straight year in double digits. The U.S. has only grown 2.2% in 2006. There have not been many trade missions from Indiana. Governor O'Bannon visited a long time ago, but in recent years, there has not been much official activity between China, the Indianapolis region and Indiana. Indy Partnership decided to visit Beijing in October 2006 following a trip to Japan.

Several meetings were held with the China Council for the Promotion of International Trade (CCPIT), the Beijing Chapter of the CCPIT, and the China National Light Industry Council (CNLIC).

Mr. Hendry said that CNLIC is both a trade association and a government agency with regulatory powers. He said that Kirk Lovell, Air Service Director, Indianapolis International Airport, joined him on this trip. Together, they spoke to significant logistics companies in China. They met with one of the world's leading freight forwarders, as well as the preferred freight forwarder of the U.S. commercial service in China. The purpose was to introduce Indiana to Chinese officials and talk about the advantages of doing business in Indianapolis. Indianapolis has a central location, skilled workforce, strong infrastructure, world-class universities, low cost of doing business, and major companies. They also discussed Central Indiana's logistical advantages. Indianapolis has the second largest FedEx hub, and the region has a growing reputation as a logistics hub.

Mr. Hendry stated that many people believe that the Chinese economy is poised for foreign direct investment in the United States, and that it is similar to where Japan was 20 years ago. Those communities that reach out and build relationships are the ones that will capitalize when foreign direct investment comes to the U.S. The City of Chicago opened a development office in Shanghai with an annual budget of \$500,000, for the purpose of helping Chinese companies and Chicago companies do business with each other. Indiana has a contract office in Beijing to assist Indiana companies doing business in China, but it is not a full-time office on behalf of Indiana.

Indiana's sister state is Zhejiang, a Province that is 90 minutes south of Shanghai by train. The Province has over 47 million residents and one of the strongest economies in China. Its annual Gross Domestic Product per capita growth is 13%. It is known for electronics, light industry, food, chemicals, construction materials, and green tea. Its largest city, Hangzhou, has 6 million

residents and is considered one of the most prosperous cities in China. This year is the 20th Anniversary of the sister state relationship and could provide a real opportunity to reach out to officials in the Provence during 2007. Indy Partnership will be working with the State of Indiana on ways to reach out.

Mr. Hendry said that while traveling to Beijing, one of the headlines in a leading Chinese newspaper said, "Cummins announces Beijing engine joint venture". Cummins has a major presence in China. Indy Partnership believes that in the next three to five years there will be significant interest from Chinese companies to establish sales offices, headquarters, and distribution facilities in the U.S. The Indy Partnership, State of Indiana, and the City of Indianapolis need to build these relationships now so that the competition will not be able to outmaneuver them down the road.

Chair Nytes stated that some of the assistance Indy Partnership received for this trip came from Allen Barber, from the National League of Cities. He is a consultant that has done a lot of work in China. She said that in her district, she has a manufacturing plant with a branch operation in China. The manager of that plant visits China three or four times per year, and there are probably many more of these situations than anyone is aware.

Councillor Sanders asked if the majority of active companies in China are multinational companies or are Chinese-owned companies that have evolved to a higher level. Mr. Hendry stated that most of the companies are Chinese owned and operated that have evolved as the Chinese economy has opened up. There is a significant desire, not just for foreign investment, but also for trade opportunities with U.S. companies. Councillor Sanders stated that China is a major player in the global economy. The U.S. needs to be cautious and recognize that while China has evolved industrially, the U.S. has devolved.

Councillor Pfisterer stated that the Allison plant is in her district and has a close relationship with Cummins. She is hopeful that both companies will benefit from these types of trips. She asked what other enterprises might be interested in trade or Chinese investment. Mr. Hendry stated that Indianapolis has many opportunities from a logistics standpoint. They met with a Chinese airline and some cargo airlines. The cargo airlines are looking for places to fly cargo in the United States. Freight forwarding companies make arrangements for other companies to distribute goods to the U.S. He said that Indianapolis could show these companies that they can fly cargo at a cheaper rate and that goods can be moved faster because there are less airport bottlenecks, weather problems, or traffic problems than Los Angeles, New York, or Chicago. In the freight forwarding business, success is measured in hours, not days or weeks. Councillor Pfisterer stated that it sounds like the focus is on manufactured products, not bio-medicine. Mr. Hendry said that the Bio-tech sector is not a foremost industry in China, but manufacturing is a large sector.

Mr. Hendy said that Indy Partnership is planning to return to China in late 2007. Chair Nytes said that next week Indianapolis will be welcoming 26 Master of Business Administration (MBA) students from Taiwan to Butler University for a six-week internship at 26 Indianapolis businesses. These young people will return home, and possibly one day make decisions about Indianapolis, based on their experiences here.

Councillor Sanders said that Taipei is one of the first sister city relationships that Indianapolis joined in.

PROPOSAL NO. 151, 2007 - an extension of the original Inducement Resolution for Pedcor Investments-2006-LXXXVIII, L.P. in an amount not to exceed \$15,000,000 for the acquisition and construction of a 220-unit affordable apartment community (Forest Ridge Apartment Community Project) situated on approximately 25 acres located southeast of the intersection of 79th Street and Township Line Road (District 2).

Chair Nytes stated that Rod Morgan, attorney for the Economic Development Commission (EDC), will not be presenting, as he is unable to attend. Unfortunately, his mother passed away and the committee wants to pass along their condolences.

Tom Peterson, Attorney for Ice Miller, stated that this proposal was before the Council last year and it was approved. It went to the State for the bond volume competition and did not receive it. Last year, the emphasis was on renovation projects, not new construction projects such as this. The developer believes that this is a good product and would like to try again under Indianapolis's inducement resolution. The EDC unanimously approved this project.

Chair Nytes asked if the neighborhood still supports this project. Mr. Peterson answered in the affirmative.

Councillor Pfisterer asked for clarification regarding the taxpayer's responsibility for this project. Mr. Peterson stated that these bonds are payable solely from the project for which they are issued. This is a federal program that allows developers to get a lower interest rate, in exchange for providing low to moderate-income housing. No taxes may be levied to pay the bond and it will not affect the credit rating of the city. There is no taxpayer responsibility for this project.

Councillor Cain asked if this project includes senior housing. Mr. Peterson answered in the negative. Councillor Cain asked if Councillor Mansfield supports this project. Mr. Peterson answered in the affirmative.

Councillor Sanders moved, seconded by Councillor Pfisterer, to send Proposal No. 151, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

PROPOSAL NO. 56, 2007 - appoints David Girton to the Lawrence Economic Development Commission

PROPOSAL NO. 103, 2007 - appoints John Bartlett to the Lawrence Economic Development Commission

Chair Nytes stated that neither Mr. Girton nor Mr. Bartlett will be able to serve on the commission.

Councillor Sanders moved, seconded by Councillor Pfisterer, to "Strike" Proposal Nos. 56, & 103, 2007. The motion carried by a vote of 5-0.

PROPOSAL NO. 17, 2007 - reappoints Eric D. Jones to the Urban Enterprise Association Board of Directors.

Mr. Jones stated that because the State phased out of Inventory Tax, the Urban Enterprise Association Board (UEA) lost 85% of its funding stream. UEA had to downsize considerably, and the Department of Metropolitan Development (DMD) took over operational responsibilities on January 1, 2007. It is still a volunteer board but without any paid staff. The board will continue to administer tax credits that remain in place under the statute until the charter expires in 2009. Unless the UEA can identify and receive funding, it will continue to provide support to local businesses and residents on a volunteer basis.

Chair Nytes asked if some of the programs, such as Work One, have been taken over by other agencies. Mr. Jones stated that the Indianapolis Private Industry Council (IPIC) is providing Work One support. All the programs have evolved over time, but they still exist in some form.

Councillor Pfisterer asked for the attendance record of Mr. Jones. Chair Nytes stated that he has been at 5 of the 6 meetings. Mr. Jones stated that he was board president until December, 2006. He added that Sylvia Trotter is the new president.

Councillor Pfisterer moved, seconded by Councillor Cain, to send Proposal No. 17, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

PROPOSAL NO. 52, 2007 - reappoints Bruce Melchert to the City Market Corporation Board

Nikki Longworth, Indianapolis City Market Chief Executive Officer, stated that Mr. Melchert is unable to attend as he is traveling. She said that she will let the committee know when he has returned.

Councillor Sanders moved, seconded by Councillor Pfisterer, to "Postpone" Proposal No. 52, 2007. The motion carried by a vote of 5-0.

PROPOSAL NO. 53, 2007 - reappoints Lynn Molzan to the City Market Corporation Board

PROPOSAL NO. 54, 2007 - reappoints Susan Powers to the City Market Corporation Board

Ms. Powers stated that she appreciates the opportunity to serve. She said that she is the liaison between the market board and the Historic City Market Foundation. The mission of the foundation is to raise private funds to support programs and activities at the City Market. The foundation is comprised of 18 volunteers. They are currently planning the September 15, 2007 Market to Market Ball and fundraiser.

Councillor Pfisterer asked for the attendance record of Ms. Powers. Chair Nytes stated that she has attended 5 of 6 meetings.

Mr. Molzan stated that he has enjoyed serving the past year. He said that he has assumed chairmanship of the building committee and has been actively involved in the reconstruction program.

Chair Nytes stated that both Mr. Molzan and Ms. Powers live near downtown and are very aware of the market's customers. Mr. Molzan and Ms. Powers answered in the affirmative.

Councillor Sanders stated that vendors at the market have contacted some of the Councillors. She asked how much contact the board has with the vendors. Mr. Molzan stated that the vendors are invited to every board meeting. The first item on the agenda is usually reserved for tenant comments. Councillor Sanders asked about the number of vendors attending. Mr. Molzan stated that it varies based on the issues at hand.

Councillor Pfisterer moved, seconded by Councillor Sanders, to send Proposal Nos. 53 and 54, 2007 to the full Council with "Do Pass" recommendations. The motion carried by a vote of 5-0.

PROPOSAL NO. 55, 2007 - appoints Robert Whitt to the City Market Corporation Board

Mr. Whitt stated that he is the Executive Director of White River State Park and has an interest in the vibrancy of the city and the downtown area. He said that he believes he was considered for this appointment because of his interest in food. He attended to culinary school at IVY Tech and spent a summer studying in France. He said he is interested in the promotion of Indiana produce, and has a background in marketing and commercial real estate, which seems to be a great fit for both the market and him.

Chair Nytes asked for clarification that he sat on IVY Tech's Hospitality and Administration Program advisory board. Mr. Whitt answered in the affirmative. Chair Nytes stated that she is aware that there have been plans to include some programs from IVY Tech at the Market and his involvement should be helpful.

Councillor Pfisterer asked if Mr. Whitt has a vision for the Market. Mr. Whitt stated that he has had the good fortune to visit markets in other cities and countries. He would like to incorporate the best pieces of those markets and infuse them with a Hoosier personality. He said the changes that are in progress are excellent and will help customers appreciate the importance of locally grown food. He added that the cover story in this month's Time Magazine talks about this issue. As downtown becomes more residential, more people will be looking for high-quality food. Councillor Pfisterer said the promotion of healthy Indiana produce fits in nicely with Governor Daniels' IN shape program. Mr. Whitt agreed and said that it also fits in with Mayor Peterson's Fit City Campaign, which is something they work with at White River State Park.

Chair Nytes stated that Mr. Whitt's background check is complete and meets the standards.

Councillor Cain moved, seconded by Councillor Pfisterer, to send Proposal No. 55, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

PROPOSAL NO. 104, 2007 - approves an increase of \$250,000 in the 2007 Budget of the Office of Finance and Management (City Cumulative Capital Fund) to replace the plumbing in the Historic City Market, which is undergoing renovations.

Amy Merrick, Office of Finance and Management, stated that the request for funding will pay for unexpected plumbing problems and other repairs. During the renovation process, it was discovered that all of the plumbing would have to be replaced. Most of the cast iron pipe had corroded to a point of being non-usable. Engineers from both the Parks Department and R.E. Diamond have determined that the pipes should be replaced with PVC pipes. The cost to replace the plumbing is approximately \$201,000. The remaining \$49,000 is needed for other problems that have also been discovered. The funding source is the City Cumulative Capital

Fund, because the Landmark Building Fund has been depleted. She said that these repairs were not part of the original budget and could not happen without additional resources.

Chair Nytes asked for clarification that Ms. Merrick sits on the market board, in addition to working for the Office of Finance and Management and is very familiar with the project. Ms. Merrick answered in the affirmative and said she serves as Treasurer for the market board.

Ms. Longworth stated that the market raised \$1.2 million in private funds and requested \$533,000 from the Council for this project. Work began in January 2007, and workers shortly discovered not only the plumbing problems, but also some electrical problems. These could not have been anticipated, as many of the vendors' stands were covering these problems.

James Gainey, RE Diamond Associates, engineering project manager, stated that they used ground-penetrating radar to determine what was underground. It shows that something is under the floor, but it does not indicate the condition of it. They performed surgical cuts in certain areas for extensions, but discovered that the cast iron has almost completely disintegrated. Several options were considered, but removing the entire floor was the cheapest and fastest method. While removing the floor, they discovered that the electrical conduit had been imbedded in the floor rather than under the floor. Removing the floor, replacing the plumbing and conduit with PVC pipe, and pouring a new floor will save the project four to five weeks on the schedule and lower the cost of this repair.

Chair Nytes asked for the age of the pipes. Mr. Gainey stated that they were installed in the early 1970s. It was surprising, because cast iron is normally considered a 100-year product. Chair Nytes stated that she thought maybe it had been 100 years since the pipe was laid. Mr. Gainey stated that some portions may be older than 30 years, but it is in such poor condition it is impossible to tell. Chair Nytes asked if the practices of the vendors caused some of the damage to the pipes. Mr. Gainey said it is impossible to tell if the damage deteriorated from the inside, outside, or both. Chair Nytes asked if the new pipe will last more than 30 years. Mr. Gainey stated that PVC, when properly installed, should last well over 30 years. Ms. Longworth stated that the new pipe is bigger. She added that they are working with Alan Wiseman from United Water to develop a best practices list and requirements for drains for each vendors. Certain things, such as grease traps, will continue to be required.

Councillor Pfisterer asked for the lifespan of PVC. Mr. Gainey stated that it will last longer than a lifetime. The PVC will be run in a sand trench with gravel, then the floor will be poured on top of that to prevent it from being crushed. Councillor Pfisterer asked if the electrical conduit would be the same. Mr. Gainey answered in the affirmative. Councillor Pfisterer asked if WiFi will be installed. Ms. Longworth stated that the market has WiFi through SBC already, but each stand will be wired with category 6 connections. Mr. Gainey stated that the PVC conduit has been readied for more connections. Councillor Pfisterer asked for the balance of the cumulative fund. Ms. Merrick stated that the balance is \$777 million, but at the end of 2007, it will only be \$636,000. She added that the final figure includes the proposal that the Public Safety Committee passed that will allow the Indianapolis Fire Department to buy vehicles. Chair Nytes said that this appropriation will come from the regular budget.

Councillor Sanders asked if this changes the original design concept for the floor. Mr. Gainey stated that, originally, the floor would have a treatment applied, but that has been credited back to the market.

Chair Nytes asked if these are net numbers. Mr. Gainey answered in the affirmative.

Councillor Sanders asked if the floor will look the same as it was projected. Mr. Gainey said the color will be the same, but there will be a three-foot contrasting strip around the perimeter. This will avoid any potential damage to the walls during removal and installation of the new floor. He added that as the floor has been removed, pieces of it have been falling apart. Councillor Sanders asked if all the problems have been discovered. Mr. Gainey stated that they believe they have found everything that was displayed on the ground-penetrating radar. He said every pipe will be new plastic, except where it enters the floor. Those connections are made of steel to prevent accidental crushing by moving a freezer into it.

Chair Nytes asked if the project is far enough along to have confidence that there will be no more unexpected costs. Ms. Longworth said that this has been discussed. Everything will be new and there does not seem to be anything left to uncover. She said that the completion date is May 26, 2007. Chair Nytes said that the Historic Landmark Fund is depleted. The community stopped appropriating to that fund, but hopefully, that will change soon.

Hope Tribble, Office of Finance and Management, stated that the original proposal asked for plumbing repairs. The amendment corrects the digest and section one to ask for plumbing and other repairs.

Councillor Sanders moved, seconded by Councillor Pfisterer, to amend Proposal No. 104, 2007 according to the changes suggested by Ms. Tribble. The motion carried by a vote of 5-0.

Chair Nytes asked if the board approved of this proposal, they answered in the affirmative. Chair Nytes said the market and the board should make an effort to talk to their vendors as much as possible.

Councillor Sanders said that she understands that this is a business and that there are two sides to any story. However, some vendors believe there has been disparate treatment to some vendors over others. She stated that if there are personal feelings involved between the market and some of the business owners, they should be set aside to make sure that the policies are applied equally.

Chair Nytes asked if formulas were used when preparing for allocation of space and rent payments. Ms. Longworth said that this was not done in a vacuum. There were committees and tenants involved in the planning. The market is doing its best to be fair and equal to everyone.

Brian Burke, City Market Board of Directors President, stated that Ms. Longworth, and everyone has tried to filter out issues of personality and motive. He said that he recognizes that the renovation is a challenge for the vendors. They have tried to make allowances in rent reduction and other places, but they simply cannot meet all the accommodations that every vendor wants. Outreach has been ramped up during the last six weeks; there have been tenant meetings, and there is a board meeting tomorrow. At that board meeting, a grievance procedure will be introduced. It will be comprised of three board members to resolve grievances through mediation and ultimately make decisions. This is another avenue the board is using to make things fair for the vendors. Chair Nytes thanked Mr. Burke for his assurances.

Councillor Sanders moved, seconded by Councillor Pfisterer, to send Proposal No. 104, 2007 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 5-0.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:19 p.m.

Respectfully Submitted,

Jackie Nytes, Chair

JN/cc